

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

<b>In Re:</b>	<b>§</b>	<b>Chapter 11</b>
	<b>§</b>	
<b>W.R. GRACE &amp; CO., et al.,</b>	<b>§</b>	<b>Jointly Administered</b>
	<b>§</b>	<b>Case No. 01-01139 (JKF)</b>
<b>Debtors.</b>	<b>§</b>	
	<b>§</b>	

**FEE AUDITOR'S FINAL REPORT REGARDING  
FEE APPLICATION OF CAPLIN & DRYSDALE,  
CHARTERED FOR THE TWENTY-SECOND INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Caplin & Drysdale, Chartered for the Twenty-Second Interim Period (the “Application”).

**BACKGROUND**

1. Caplin & Drysdale, Chartered (“Caplin”) was retained as national counsel to the Official Committee of Asbestos Personal Injury Claimants. In the Application, Caplin seeks approval of fees totaling \$501,495.75 and costs totaling \$87,606.43 for its services from July 1, 2006, through September 30, 2006.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Caplin an initial report based on our review, and received a response from Caplin, portions of which response are quoted herein.

## **DISCUSSION**

3. In our initial report, we noted that on September 19, 2006, four firm members (one Member, two Associates and one Paralegal) attended a meeting. The total time spent including any preparation time was 2.30 hours<sup>1</sup> for a total fee of \$749.00. The entries are provided below.

09/19/06	NDF	5.60	.....; meet with DKG, DBS, et al. re report logistics for service (0.6);.....
09/19/06	DBS	5.40	.....attend meeting re expert reports (.5).
09/19/06	DKG	3.70	Meeting re expert witnesses with NDF, DBS, ALV and M. Hurford (0.6);.....
09/19/06	ALV	5.90	.....; meeting with NDF, DKG, DBS, and M. Hurford regarding preparation of expert reports (5.7);.....

We asked Caplin to explain why this meeting required the attendance of four firm members. Caplin responded as follows:

You inquire in paragraph 3 of the Initial Report regarding a strategy meeting regarding the preparation and service of expert reports for the Grace estimation hearing that took place on September 19, 2006. The September 19 meeting was attended by Caplin & Drysdale attorneys Nathan Finch, Adam VanGrack and Danielle Graham; the Committee's local counsel, Mark Hurford; and Caplin & Drysdale paralegal David B. Smith. The meeting included discussions regarding the selection of expert witnesses, content of expert reports, and timetable for service of

---

<sup>1</sup> ALV's time entry was lumped. The other timekeepers only charged 0.6 hours for this event. In this case ALV will also bill 0.6 hours.

those reports on other parties. Mr. Finch participated in his capacity as the Committee's lead attorney in the Estimation Hearing. Both Mr. VanGrack and Ms. Graham had been assigned respective experts to interview and follow through the preparation process, and attended the meeting to obtain instructions regarding those witnesses. Mr. Smith attended because he was in charge of service and needed to review local rule requirements with the Committee's local counsel.

We appreciate the response and offer no objection to these fees.

4. We noted a number of entries for expert services throughout the application period.

The entries are provided below.

1987253	Snyder Miller & Orton; Services rendered through 7/31	\$5,491.00
1996911	Verus Claims Services; Services rendered 6/19 thru 8/31/06	\$9,571.00
1997494	Snyder Miller & Orton; Consulting Agreement	\$6,161.28
1998917	Pathology Assoc of Kitsap County; Expert review in Trust cases	\$10,000.00
2003510	Snyder Miller & Orton; Professional services for September	\$25,252.49

While we are aware of and respect the confidential nature of these experts' work, please describe the activities of these expert services insofar as it is possible to do so without infringing on that necessary confidentiality. Caplin's response is provided as Response Exhibit 1. We appreciate the response and offer no objection regarding these expert fees.

5. We noted a meal expense of \$112.85 that requires greater explanation. The entry is provided below.

1999905	NDF; Travel expenses to Pittsburgh to attend/argue hearing motion to compel on 9/11 for meals	\$112.85
---------	---	----------

We asked Caplin to provide more information regarding this expense. Caplin responded as follows:

In response to your query in paragraph 5 of the Initial Report, Caplin & Drysdale attorney Nathan D. Finch billed \$112.85 in meal expenses for breakfast, lunch, dinner and two snacks for a two-day trip to Pittsburgh on September 10-11, 2006.

We appreciate the response and offer no objection to this expense.

### **CONCLUSION**

6. Thus we recommend approval of fees totaling \$501,495.75 and costs totaling \$87,606.43 for Caplin's services from July 1, 2006, through September 30, 2006.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

By:   
Warren H. Smith  
Texas State Bar No. 18757050

Republic Center  
325 N. St. Paul, Suite 1275  
Dallas, Texas 75201  
214-698-3868  
214-722-0081 (fax)  
whsmith@whsmithlaw.com

### **FEE AUDITOR**

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 7<sup>th</sup> day of March, 2007.

  
\_\_\_\_\_  
Warren H. Smith

**SERVICE LIST**

Notice Parties

**The Applicant**

Elihu Inselbuck  
Peter Van N. Lockwood  
CAPLIN & DRYSDALE, CHARTERED  
375 Park Avenue, 35<sup>th</sup> Floor  
New York, NY 10152-3500

Michael B. Joseph, Esq.

Ferry & Joseph, P.A.  
824 Market Street, Suite 904  
P.O. Box 1351  
Wilmington, DE 19899

**The Debtors**

David B. Siegel, Esq.  
Sr. V.P. and Gen. Counsel  
W.R. Grace & Co.  
7500 Grace Drive  
Columbia, MD 21044

**Counsel to the Official Committee of Personal**

**Injury Claimants**

Elihu Inselbuch, Esq.  
Caplin & Drysdale  
399 Park Avenue, 36<sup>th</sup> Floor  
New York, NY 10022

**Counsel for the Debtors**

James H.M. Sprayregen, Esq.  
Kirkland & Ellis  
200 East Randolph Drive  
Chicago, IL 60601

Marla R. Eskin  
Campbell & Levine, LLC  
Suite 300  
800 N. King Street  
Wilmington, DE 19801

Laura Davis Jones, Esq.

Pachulski, Stang, Ziehl, Young & Jones, P.C.  
919 North Market Street, Suite 1600  
P.O. Box 8705  
Wilmington, DE 19899-8705

**Official Committee of Equity Holders**

Thomas M. Mayer, Esq.  
Kramer Levin Naftalis & Frankel  
919 Third Avenue  
New York, NY 10022

**Counsel for the Official Committee of Unsecured Creditors**

Lewis Kruger, Esq  
Stroock & Stroock & Lavan  
180 Maiden Lane  
New York, NY 10038-4982

Teresa K.D. Currier, Esq.  
Klett Rooney Lieber & Schorling  
1000 West Street, Suite 1410  
Wilmington, DE 19801

Michael R. Lastowski, Esq.  
Duane Morris & Heckscher  
1100 N. Market Street, Suite 1200  
Wilmington, DE 19801-1246

**United States Trustee**

Office of the United States Trustee  
844 King Street, Suite 2311  
Wilmington, DE 19801

**Counsel to the Official Committee of Property Damage Claimants**

Scott L. Baena, Esq  
Bilzin, Sumberg, Dunn, Baena, Price & Axelrod  
First Union Financial Center  
200 South Biscayne Boulevard, Suite 2500  
Miami, FL 33131

Response Exhibit 1

**A. Snyder Miller & Orton:** Services rendered included review of claims files, thousands of documents, and deposition testimony regarding mass settlements the Debtors' asbestos products for preparation of expert report regarding the Debtors' asbestos liabilities.

**B. Versus Claims & Services:** Services rendered included reviewing Grace questionnaire responses and additional data and preparation of computer models of same for review by the Committee's asbestos bodily-injury expert.

**C. Pathology Assoc. of Kitsap County:** The services referenced were rendered by a Committee medical expert, Dr. Samuel P. Hammar, M.D., a board-certified clinical and anatomic pathologist, professor at the University of Washington Medical Center, and member of the U.S.-Canadian Mesothelioma Panel and International Mesothelioma Panel. Dr. Hammer prepared an expert report for the Committee regarding asbestos fibers and asbestos-induced diseases. His hourly rate is \$500.00 per hour.